

# FOOTHILL TRANSIT

## MINUTES

The special meeting of the Foothill Transit Executive Board was held on Thursday, November 8, 2007 at the Foothill Transit Board Room, 100 South Vincent Avenue, 2<sup>nd</sup> Floor, West Covina, California.

President Lantz called the meeting to order at 8:06 a.m. The following Members were present constituting a quorum of the Executive Board:

Paula Lantz, President  
Peggy Delach  
Michael De La Torre  
John Fasana  
Lola Storing

Staff members and guests present:

Doran Barnes, Executive Director  
Darold Pieper, General Counsel  
Lee Millen, Deputy Secretary  
Rahul R. Kumar, Director of Planning

## **PUBLIC COMMENT**

There was none.

President Lantz led those present in the pledge of allegiance, and recognized and welcomed Councilmember Doug Tessitor, City of Glendora.

## **REGULAR AGENDA:**

### **PROPOSED FARE CHANGES**

Rahul Kumar, Director of Planning, provided a power point presentation and reported on proposed fare changes. Foothill Transit raised and restructured its fares in July 2005. As part of this change, most discount fares were normalized to 50 percent of the base fare. Additionally, pass prices were adjusted in line with increases in operating expense. A second phase of the fare increase that included slight adjustments in pass prices went into effect in July 2006.

The outcome of the increase was positive. Farebox recovery ratio increased while ridership held steady. However, while fare revenue has increased slightly, the gap between operating costs and fare revenue has continued to widen.

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Any fare changes put into effect this year will affect subsidy funding FY 2010 and subsequent years. Without an adjustment to Foothill Transit's fares and total fare revenue, projections for FY 2010 and beyond show a significant reduction in Foothill Transit's subsidy funding. This loss is in part due to the fare increase implemented by Los Angeles County Metro on July 1, 2007.

The key issue is the Formula Allocation Procedure (FAP), which currently provides the balance of operating revenue to augment Foothill Transit's farebox revenue. One-half of the funding that comes from the FAP is based on the ratio of total fare revenue to the local adult (base) fare. Thus, the more fare revenue collected without increasing the base fare, the greater the FAP funding. Metro's most recent fare increase proposal is projected to result in a 19 percent increase to their overall fare revenue, with no change to their current base fare of \$1.25. The resulting impact to Foothill Transit is estimated at a loss of over \$2.9 million per year in FY 2009 and 2010. This will be compounded in subsequent years if no action is taken by Foothill Transit.

This loss, combined with the possible loss of Municipal Operator Service Improvement Program (MOSIP) funds and a potential loss of State Transit Assistance (STA) funds amount to over \$10 million. This is funding that Foothill Transit uses for operating expenses and as matching funds for federally funded capital projects. The loss also eliminates any flexibility the agency has in using Transportation Development Act (TDA) funds.

To address the gap between fare revenue and operating costs and mitigate a potential reduction in subsidy funding beginning in FY 2010 as a result of the recently implemented Los Angeles County Metro fare increase, Foothill Transit's Governing Board, at their special meeting on October 17, 2007 authorized the Executive Director to conduct public meetings and a public hearing regarding a fare increase in FY 2008.

Mr. Kumar briefly summarized feedback provided from three public meetings held throughout the Foothill Transit service area in October (copy on file). All of these comments were considered in developing the recommendation presented.

Any future increase would need to be cumulative and significant enough to address the shortfall in FY 2009 and beyond. The fare increases will mitigate the majority of the loss in subsidy funding by increasing revenue and fare units.

The following *fare changes* were presented (copy on file):

**1. Local Cash and Pass Fares**

A 20 percent increase on Adult Local and Student Local passes are proposed initially. Based upon customer feedback, the monthly pass Senior/Disabled/Medicare local pass prices is proposed to increase 11.1 percent

as opposed to the 20 percent increase proposed initially. Finally, local cash fares remain unchanged; and

**2. *Commuter Express and Silver Streak Cash and Pass Fares***

The Commuter Express and Silver Streak non-discount cash and pass fares would be increased. EZ Transit Discount and Discount 31-Day Commuter Express passes are proposed to be eliminated.

However, the following options represent changes from the initial proposal approved by the Governing Board for public comment at a special meeting on October 17, 2007:

***Option A*** – This proposed option continues discounts on the Silver Streak only during off-peak periods only as required by Federal statute as implemented by the Federal Transit Administration (FTA). In essence, the statute as implemented by FTA requires that:

Fares that a transit system charges elderly individuals and handicapped individuals during non peak hours for public transportation will not exceed one-half of the rates that generally apply to other individuals at peak hours. The rates must also be provided to any individual presenting a Medicare card.

The fares charged cannot exceed one-half the fare that is charged for the same trip during the peak period. If there are services with fares that are different from the fare for regular local service, separate half fares are needed for each type of service.

The requirement is not applicable to services that operate only during peak hours, such as express and commuter routes but is applicable to express and commuter routes that operate trips beyond the peak period. It is not applicable to services that operate only in the off-peak period.

The Silver Streak, a service that operates during both peak and off-peak hours would be subject to the above statute. Peak hours would be established when the majority of Foothill Transit's fleet is in revenue service. Currently, this is from 6:00 a.m. to 10:00 a.m. and 2:00 p.m. to 7:00 p.m. on Monday through Friday only. The discounts proposed in the Fare Change table on the Silver Streak would be applicable only during hours outside of this proposed peak period and on weekends.

***Option B*** – This option provides for discounts on the Silver Streak service all day as opposed to during off-peak periods only. This option provides simplicity to customers and operators by not requiring a change in the farebox during off-peak periods. Additionally, the Silver Streak service has been designed to improve connections throughout the San Gabriel Valley; while the primary customer now is a commuter, the service can be marketed to a very broad range of Foothill Transit's ridership.

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The projected net annual fare revenue on either option selected will increase fare units resulting in an increase in subsidy funding in FY 2010 in line with Los Angeles Metro. The main difference between the two options is how discounts on the Silver Streak are offered.

A restructuring of service may also need to be considered in the upcoming fiscal year. The extent of the restructuring will depend on how much additional revenue the approved increase will bring into the agency. Staff is currently reviewing under-productive service to identify service cuts that will minimize the impact to Foothill Transit customers.

There is no budget impact from this recommendation, if approved at the November Special Governing Board meeting; **Option A** is projected to result in \$2.58 million annually; and **Option B** is projected to result in \$2.44 million annually.

The recommendation is to approve one of the following fare changes to the Governing Board:

- Option A:** Approve fare changes as detailed in the fare change table (copy on file) and; Establish a peak period of 6:00 a.m. to 10:00 a.m. and 2:00 p.m. to 7:00 p.m. Monday through Friday, and offer discounts on the Silver Streak on off-peak hours only; or
- Option B:** Approve fare changes as detailed in the fare change table (copy on file).

Discussion ensued on options, including customer comment adjustments, potential ridership loss, FAP current formula impacts and suggested changes to the FAP, operating cost increases, and the need to identify other revenue sources or service cuts could potentially occur.

Following discussion, the Executive Board approved **Option A** to the Governing Board.

Motion: Member Fasana, seconded by Member Delach  
Vote: Unanimously carried

**EXECUTIVE DIRECTOR COMMENT**

Doran Barnes, Executive Director, reported on the following:

- Bob Arthur, Director of Special Projects, was re-elected to the Cerritos College Governing Board;
- He will be participating in a Rotary Team Leadership Camp in Idyllwild this weekend;
- Proposition 1B funds come directly from the State Controller and are distributed

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in accordance with the state funding formula as currently interpreted. The MTA staff and County Counsel want to change the interpretation of the state formula at the expense of Foothill Transit and other local transit operators at a net cost to Foothill Transit of \$3 million. Other operators are planning to file a legal action to enjoin any changes, and Foothill Transit must act immediately if it wishes to join in such an action.

Discussion ensued on Proposition 1B funding.

This issue and the planned legal action came to the attention of staff following the posting of the agenda for this meeting. The Executive Board agreed to add this agenda item to the agenda as authorized by section 54954.2(b)(2) of the Brown Act.

Motion: Member Fasana, seconded by Member De La Torre  
Vote: Unanimously carried

**PROPOSITION 1B FUNDS AND PROPOSED LEGAL ACTION**

Following discussion, the Executive Board authorized Foothill Transit to join an action to enjoin any proposed changes to the existing formula for the distribution of Proposition 1B funds.

Motion: Member Fasana, seconded by Member De La Torre  
Vote: Unanimously carried

Doran Barnes further reported that the current FAP is codified in SB1755 and the State Controller and the MTA are not recognizing its interpretation. The State has budgeted 20% or \$6 million for Foothill Transit via the FAP. However, the MTA's December agenda will discuss the issue and based on State opinion will receive more FAP monies while other municipalities receive less FAP monies.

**BOARD MEMBERS COMMENT**

President Lantz advised on a customer complaint received from Pomona regarding changes in service routes that preclude her for accessing Foothill Transit services for medical appointments. Staff was requested to assess whether current routes provide optimal service and to focus also on riders vs. ridership. Also, an Economic Summit was hosted yesterday at Cal Poly Pomona where discussion was held on public transportation survey results and commuters that choose not to use transit services because of schedule adherence problems on bus service routes.

**ADJOURNMENT**

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There being no further business, the Executive Board special meeting adjourned at 8:55 a.m.